

United States Senate

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Schumer Study: Hundreds of Thousands of New Yorkers Bilked by “Instant Refunds” From Tax Preparation Companies

A new Schumer study found that almost 300,000 upstate New Yorkers are losing over \$30 million to instant tax refund scams that charge up to 700% implicit interest rates. The average taxpayer spent an additional \$114 in hidden loans and usurious interest to get a refund only 10 days earlier than it would have been delivered otherwise. Tax preparation companies prey on taxpayers, often low income, with instant refund loans, or “Refund Anticipation Loans,” (RAL) by offering tax refunds immediately. However, the loans include many hidden fees that amount to high interest short term loans.

Areas where these instant tax refunds are most rampant include Jefferson County, home of Fort Drum, and Sullivan County. In both areas the percentage of taxpayers bilked by these refund scams are almost twice that of the rest of the upstate New York.

The Schumer study is based on complete IRS data for the 2002 tax year, the most recent year that the IRS has complete tax data, and estimated costs of the Refund Anticipation Loans as calculated by the National Consumer Law Center and the Consumer Federation of America.

In the **Capital Region**, **41,387** taxpayers received an instant tax refund. They lost an estimated **\$4.7 million** off their tax refunds because of high interest rates and hidden fees associated with instant tax refunds.

County	Number of Taxpayers Bilked By Instant Tax Refunds	Total Amount Lost on Instant Tax Refunds
Albany	11,830	\$1,348,620
Fulton	3,258	\$371,412
Montgomery	2,611	\$297,654
Rensselaer	6,787	\$773,718
Saratoga	6,824	\$777,936
Schenectady	6,525	\$743,850
Schohaire	922	\$105,108
Washington	2,630	\$299,820
Capital Region Total	41,387	\$4,718,118

In **Central New York** **33,203** taxpayers received an instant tax refund. They lost an estimated **\$3.8 million** off their tax refunds because of high interest rates and hidden fees associated with instant tax refunds.

County	Central New Yorkers Bilked By Instant Tax Refunds	Total Amount Lost on Instant Tax Refunds
Onondaga	14,990	1,708,860
Oswego	5,104	581,856
Cortland	2,159	246,126
Madison	2,288	260,832
Oneida	8,662	987,468
Central New York Total	33,203	\$3,785,142

In the **Finger Lakes**, 43,127 taxpayers received an instant tax refund. They lost an estimated **\$4.9 million** off their tax refunds because of high interest rates and hidden fees associated with instant tax refunds.

County	Finger Lakes New Yorkers Bilked By Instant Tax Refunds	Finger Lakes Dollars Wasted on Instant Tax Refunds
Monroe	26,739	\$3,048,246
Cayuga	2,905	\$331,170
Livingston	1,723	\$196,422
Ontario	3,036	\$346,104
Schuyler	873	\$99,522
Seneca	1,305	\$148,770
Tompkins	2,224	\$253,536
Wayne	3,443	\$392,502
Yates	879	\$100,206
Finger Lakes Total	43,127	\$4,916,478

In the **Hudson Valley**, 58,306 taxpayers received an instant tax refund. They lost an estimated **\$6.6 million** off their tax refunds because of high interest rates and hidden fees associated with instant tax refunds.

County	Hudson Valley New Yorkers Bilked By Instant Tax Refunds	Estimated Hudson Valley Dollars Wasted on Instant Tax Refunds
Westchester	20,523	\$2,339,622
Orange	11,932	\$1,360,248
Columbia	1,821	\$207,594
Dutchess	6,867	\$782,838
Greene	1,257	\$143,298
Putnam	928	\$105,792
Rockland	5,359	\$610,926
Sullivan	4,183	\$476,862
Ulster	5,436	\$619,704
Hudson Valley Totals	58,306	\$6,646,884

In **North Country**, **20,734** taxpayers received an instant tax refund. They lost an estimated **\$2.4 million** off their tax refunds because of high interest rates and hidden fees associated with instant tax refunds.

County	North Country Taxpayers Bilked By Instant Refunds	Estimated North Country Dollars Wasted on Instant Tax Refunds
Clinton	2,515	\$286,710
St. Lawrence	3,563	\$406,182
Warren	2,595	\$295,830
Essex	914	\$104,196
Franklin	1,585	\$180,690
Hamilton	72	\$8,208
Herkimer	1,990	\$226,860
Jefferson	6,729	\$767,106
Lewis	771	\$87,894
North Country Total	20,734	\$2,363,676

In the **Southern Tier**, **25,030** taxpayers received an instant tax refund. They lost an estimated **\$2.9 million** off their tax refunds because of high interest rates and hidden fees associated with instant tax refunds.

County	Southern Tier Taxpayers Bilked By Instant Refunds	Estimated Southern Tier Dollars Wasted on Instant Tax Refunds
Broome	7,543	\$859,902
Allegany	1,603	\$182,742
Chemung	4,599	\$524,286
Chenango	2,033	\$231,762
Delaware	1,334	\$152,076
Otsego	1,425	\$162,450
Steuben	4,307	\$490,998
Tioga	2,186	\$249,204
Southern Tier	25,030	\$2,853,420

In **Western New York**, **50,779** taxpayers received an instant tax refund. They lost an estimated **\$5.8 million** off their tax refunds because of high interest rates and hidden fees associated with instant tax refunds.

Country	Western New Yorkers Bilked By Instant Refunds	Estimated Western New York Dollars Wasted on Instant Tax Refunds
Erie	30,892	\$3,521,688
Genesee	1,791	\$204,174
Niagara	8,131	\$926,934
Orleans	1,264	\$144,096
Wyoming	1,019	\$116,166
Cattaraugus	3,051	\$347,814
Chautauqua	4,631	\$527,934
Western New York Total	50,779	\$5,788,806